



WILLIAM T FUJIOKA  
Chief Executive Officer

## County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, California 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

*"To Enrich Lives Through Effective And Caring Service"*

Board of Supervisors  
GLORIA MOLINA  
First District

MARK RIDLEY-THOMAS  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

November 18, 2014

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

## ADOPTED

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

16 November 18, 2014

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

**AMENDMENT NO. 2 TO LEASE NO. 77039  
DEPARTMENT OF CHILDREN AND FAMILY SERVICES  
5835 SOUTH EASTERN AVENUE, COMMERCE  
(FIRST DISTRICT)  
(3 VOTES)**

### SUBJECT

An amendment to extend the term for an additional five-years providing the Department of Children and Family Services uninterrupted use of 38,814 square feet of office space and 175 parking spaces.

### **IT IS RECOMMENDED THAT THE BOARD:**

1. Find that the proposed lease amendment is categorically exempt from the provisions of the California Environmental Quality Act pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board, per Section 15301 of the State of California Environmental Quality Act Guidelines (Existing Facilities).
2. Approve and instruct the Chairman to sign the lease amendment with Prologis, L.P., (Landlord) for the continued occupancy of 38,814 square feet of office space and 175 parking spaces at 5835 South Eastern Avenue, Commerce, for the Department of Children and Family and Services at an initial annual lease cost of \$954,824. The lease costs are 68.8 percent offset by state and Federal funding and 31.2 percent net County cost.
3. Authorize the Chief Executive Officer and the Director of Children and Family Services to implement the project. The lease amendment will be effective upon approval by the Board.

## **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The Department of Children and Family Services (DCFS) has been in operation at this facility since 1993. Approval of the proposed lease amendment will allow DCFS to continue operation of the Belvedere Regional office. The lease has been on a month-to-month holdover basis since July 2014 while the amendment was being negotiated and processed.

The facility houses approximately 280 DCFS staff who provide a range of comprehensive services to children and families including child protection, family preservation, family reunification, emancipation, permanency planning, child welfare, foster care services, and adoptions.

## **Implementation of Strategic Plan Goals**

The Countywide Strategic Plan Goal of Operational Effectiveness/Fiscal Sustainability (Goal1) directs that we maximize the effectiveness of processes, structure, operations, and strong fiscal management to support timely delivery of customer-oriented and efficient public services. The proposed amendment supports this goal by delivering a facility that provides multiple services to clients in need. The lease is in conformance with the Asset Management Principles as outlined in Attachment A.

## **FISCAL IMPACT/FINANCING**

This is a full-service lease whereby the Lessor is responsible for all operating costs associated with the County's occupancy. Included in the rent is a \$12 per square foot, or \$465,768 Tenant Improvement (TI) allowance to be used for minor improvements to the existing space. Parking is included in the rental rate.

The proposed lease amendment will continue to house DCFS in 38,814 square feet of office space and 175 parking spaces for \$79,569 per month, or approximately \$954,824 annually. Attachment B is an overview of the lease costs.

Sufficient funding for the proposed lease amendment is included in the Fiscal Year (FY) 2014-15 Rent Expense budget and will be billed back to DCFS. DCFS has sufficient funding in its FY 2014-15 operating budget to cover the projected lease costs.

## **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The proposed lease amendment contains the following provisions:

- A five-year extension term effective upon approval by the Board.
- A full-service gross basis with the Landlord responsible for all operating and maintenance costs associated with the County's occupancy of the premises.

- A base TI allowance of \$465,768, or \$12 per square foot, included in the base rental rate for minor improvements.
- A cancellation provision after the 36th month of the extension term with 180 days prior written notice.
- Annual rental adjustments based upon Consumer Price Index (CPI) with a maximum of 4 percent and no floor.

The Chief Executive Office (CEO) Real Estate Division staff surveyed the immediate area to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the surveyed area that can accommodate this requirement more economically. Based upon said survey, staff has established that the base rental range for similar space is between \$20 and \$25 per square foot per year on a full-service gross basis, excluding parking. Thus, the base annual rent of \$24.60 per square foot per year full-service gross, including parking, for the proposed lease represents a rate within market range for the area.

The current location meets DCFS' programmatic space needs within the service area. Attachment B shows all County-owned and leased facilities within the service area for these programs and there are no suitable County-owned or leased facilities available for the program.

The Department of Public Works has inspected the facility and found it suitable for County occupancy. Construction of the TIs will be completed in compliance with building codes and the Americans with Disabilities Act. Notification letters advising of the proposed lease amendment have been sent pursuant to Government Code Sections 25351 and 65402.

A child care center is not feasible for the department in the proposed leased premises.

### **ENVIRONMENTAL DOCUMENTATION**

The CEO has concluded that this project is exempt from California Environmental Quality Act (CEQA) as specified in Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board, and Section 15301 of the State CEQA Guidelines (Existing Facilities).

### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The proposed lease amendment will adequately provide the necessary office space for this County requirement. DCFS concurs with the proposed lease recommendation.

**CONCLUSION**

It is requested that the Executive Office, Board of Supervisors return four originals of the executed amendment, two certified copies of the Minute Order and the adopted, stamped Board letter to the CEO, Real Estate Division at 222 South Hill Street, 4th Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'WTF', followed by a large, stylized flourish that resembles a heart or a large 'M' shape, and then a horizontal line extending to the right.

WILLIAM T FUJIOKA  
Chief Executive Officer

WTF:RLR:CMM  
CEM:MAC:gw

Enclosures

c: Executive Office, Board of Supervisors  
County Counsel  
Auditor-Controller  
Children and Family Services

**DEPARTMENT OF CHILDREN AND FAMILY SERVICES  
5835 SOUTH EASTERN AVENUE, COMMERCE  
Asset Management Principles Compliance Form<sup>1</sup>**

1.	<u>Occupancy</u>	Yes	No	N/A
A	Does lease consolidate administrative functions? <sup>2</sup>			X
B	Does lease co-locate with other functions to better serve clients? <sup>2</sup>			X
C	Does this lease centralize business support functions? <sup>2</sup>			X
D	Does this lease meet the guideline of 200 sq. ft of space per person? <sup>2</sup> <b>139 sq. ft. per person.</b>		X	
2.	<u>Capital</u>			
A	Is it a substantial net County cost (NCC) program?		X	
B	Is this a long term County program?	X		
C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?		X	
D	If no, are there any suitable County-owned facilities available?		X	
E	If yes, why is lease being recommended over occupancy in County-owned space?			X
F	Is Building Description Report attached as Attachment C?	X		
G	Was build-to-suit or capital project considered?		X	
3.	<u>Portfolio Management</u>			
A	Did department utilize CEO Space Request Evaluation (SRE)?	X		
B	Was the space need justified?	X		
C	If a renewal lease, was co-location with other County departments considered?		X	
D	Why was this program not co-located?			
	1. ___ The program clientele requires a "stand alone" facility.			
	2. <u>X</u> No suitable County occupied properties in project area.			
	3. ___ No County-owned facilities available for the project.			
	4. ___ Could not get City clearance or approval.			
	5. ___ The Program is being co-located.			
E	Is lease a full service lease? <sup>2</sup>	X		
F	Has growth projection been considered in space request?			X
G	Has the Dept. of Public Works completed seismic review/approval?	X		
	<sup>1</sup> As approved by the Board of Supervisors 11/17/98			
	<sup>2</sup> If not, why not?			

**FISCAL IMPACT/FINANCING  
OVERVIEW OF THE PROPOSED LEASE**

<b>5835 South Eastern, Commerce</b>	<b>Existing Lease</b>	<b>Proposed Lease</b>	<b>Change</b>
Area	38,814 sq. ft.	38,814 sq. ft.	None
Term	07/15/09 to 07/13/14	Five years	+Five years
Annual Base Rent	\$937,513.56 (\$24.15/sq.ft.)	\$954,824.40 (\$24.60/sq.ft.)	+\$17,310.84 (\$.45/sq. ft.)
Cancellation	Anytime after 48 months upon 180 days notice	Anytime after 36 months upon 180 days notice	-12 months
Parking (Included in Base Rent)	175 off-street spaces	175 off-street spaces	None
Option to Renew	None	None	None
Rental Adjustment	Annual Consumer Price Index (CPI), capped at 5 percent	Annual CPI capped at 4 percent, no floor	- 1 percent

**DEPARTMENT OF CHILDREN AND FAMILY SERVICES  
SPACE SEARCH  
WITHIN ZIP CODES 90040, 90640, AND 90660**

LACO	FACILITY NAME	ADDRESS	SQUARE GROSS	FEET NET	OWNERSHIP	SQUARE FEET AVAILABLE
A133	CHILD SUPPORT SERVICES-DIVISION II HQ	5770 S EASTERN AVE, CITY OF COMMERCE 90040-2924	84477	63413	LEASED	NONE
A188	SHERIFF-INTERNAL AFFAIRS BUREAU/RISK MANAGEMT	4900 S EASTERN AVE, CITY OF COMMERCE 90040	38936	33247	LEASED	NONE
A332	CHILD SUPPORT SERVICES-TRAINING/IT DIVISION	5500 S EASTERN AVE, CITY OF COMMERCE 90040	48794	46354	LEASED	NONE
A570	CSSD-INTERSTATE/CALL CENTER/CID	5701 S EASTERN AVE, CITY OF COMMERCE 90040	61130	55017	LEASED	NONE
A069	FIRE-MAPPING/DA-AUTO INSURANCE FRAUD OFFICE	5900 S EASTERN AVE BLDG #16 (3), CITY OF COMMERCE	11720	11048	LEASED	NONE
A580	FIRE-ADMINISTRATIVE HEADQUARTERS OFFICE ANNEX	5801 S EASTERN AVE, CITY OF COMMERCE 90040	28474	25627	LEASED	NONE
A157	DCFS BELVEDERE OFFICE	5835 S EASTERN AVE, CITY OF COMMERCE 90040	38814	36873	LEASED	NONE
A146	FIRE-HAZARDOUS MATERIALS DIVISION HEADQUARTRS	5825 RICKENBACKER RD, CITY OF COMMERCE 90040	16670	13737	LEASED	NONE
A183	SHERIFF-HOMICIDE BUREAU OFFICE BUILDING	5747 RICKENBACKER RD, CITY OF COMMERCE 90040	17460	14563	LEASED	NONE
A427	FIRE-MAPPING & ENGINEERING SECTION OFFICES	5847 RICKENBACKER RD REAR, CITY OF COMMERCE	14354	12200	LEASED	NONE
A823	FIRE-FIRE PREVENTION DIV/ FORESTRY DIV HDQTRS	5823 RICKENBACKER RD, CITY OF COMMERCE 90040	17710	15939	LEASED	NONE
5395	PUBLIC LIBRARY-MONTEBELLO REGIONAL LIBRARY	1550 W BEVERLY BLVD, MONTEBELLO 90640	50530	23989	OWNED	NONE

**AMENDMENT No. 2 TO LEASE No. 77039**  
**COUNTY OF LOS ANGELES DEPARTMENT OF CHILDREN AND FAMILY**  
**SERVICES**  
**5835 SOUTH EASTERN AVENUE, CITY OF COMMERCE, CALIFORNIA**

THIS AMENDMENT No. 2 to Lease No. 77039 ("Amendment" or "Amendment No. 2") is made and entered into this 18th day of November, 2014 by and between Prologis, L.P., a Delaware limited partnership, hereinafter referred to as "Lessor" and the COUNTY OF LOS ANGELES, a body corporate and politic, hereinafter referred to as "Lessee."

WHEREAS, Lease No. 77039 ("Lease"), dated July 14, 2009, for approximately 38,814 rentable square feet at 5835 South Eastern Avenue, City of Commerce, California 90040 (the "Premises"), provided for an initial Lease Term of five (5) years, as amended by a First Amendment to Lease, dated April 4, 2014, and;

WHEREAS, the Lessor and Lessee desire to renew and make modifications to the Lease, and in connection therewith, Lessor and Lessee desire to amend the Lease as hereinafter provided.

NOW THEREFORE, in consideration of the foregoing recitals, which are hereby deemed a contractual part hereof, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and the rents, covenants and agreements herein contained, Lessor and Lessee hereby covenant and agree as follows:

1. EXTENSION OF THE LEASE TERM. Notwithstanding anything to the contrary in the Lease, Paragraph 1.1(e) of Lease No. 77039 is hereby amended to extend the Lease term for an additional five (5) years commencing upon execution hereof ("Extension Commencement Date"). The Lease shall expire at midnight on the day before the fifth (5<sup>th</sup>) anniversary of the Extension Commencement Date, unless sooner terminated as provided in the Lease, as hereby amended. The period of time commencing on the Extension Commencement Date and terminating on the Lease Expiration Date shall be referred to herein as the "Extension Term."

2. RENT. As of the Extension Commencement Date, the monthly rent shall increase to the sum of \$79,568.70 per month i.e., \$2.05 per square foot per month. The Base Rent shall be adjusted as provided in Paragraph 5.

3. RENTAL ADJUSTMENT. Section 5 of the Lease is hereby deleted in its entirety, and the following language is inserted in substitution thereof:

(a) Rental Adjustment: For each successive twelve (12) months of the Extension Term of this Lease, the monthly Base Rent shall be subject to annual adjustment. From and after the first anniversary date of the first day of the first full calendar month following the Extension Commencement Date and every twelve months thereafter, the Basic Rent shall be adjusted in accordance with the CPI formula set forth in Section 5(b) below.

(b) CPI Formula: The method for computing the annual rental adjustment shall be by reference to the Consumer Price Index for all Urban Consumers for the Los

Angeles-Anaheim-Riverside area, all items published by the United States Department of Labor, Bureau of Labor Statistics (1982-84 = 100), herein referred to as the "Index".

The rental adjustment for the monthly Base Rent shall be calculated by multiplying the Base Rent of \$79,568.70 per month by a fraction, the numerator being the New Index and the denominator being the Base Index. The "New Index" is the Index published for the month immediately preceding the month the adjustment is to be effective, and the "Base Index" is the Index published for the month the Extension Commencement Date. Then the rental adjustment for the monthly Base Rent shall be calculated by multiplying the prior month's Adjusted Monthly Rent, by a fraction, the numerator being the New Index and the denominator being the Prior Month's Index. The formula shall be illustrated as follows:

First Extension Commencement Date Anniversary's Calculation  $(\text{New Index} \div \text{Base Index}) \times \$79,568.70$  (initial monthly Base Rent) = New Adjusted Monthly Rent each anniversary thereafter:

$(\text{New Index} \div \text{prior month's Index}) \times (\text{Prior Adjusted Monthly Rent}) = \text{New Monthly Rent}$ . If the Index is changed so that the base year of the Index differs from that used as of the Extension Commencement Date of Amendment No. 2, the Index shall be converted in accordance with the conversion factor published by the United State Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the Term of this Lease, such other governmental Index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised. In the event the parties are unable to agree upon a substitute index (if the original Index is discontinued without a replacement) then upon demand by either party, the matter shall be submitted to arbitration for the purpose of determining an alternate method of computing the rent adjustment based upon the increase in the cost of living.

(c) General Provisions:

(i) In no event shall the monthly rent adjustment based upon the CPI formula result in an annual increase greater than four percent (4%) per year.

(ii) In no event shall the monthly rent be adjusted by the CPI formula to result in a lower monthly rent than was payable during the previous year of the Lease.

4. EARLY TERMINATION Section 4(d) of the Lease is deleted in its entirety and the following language is inserted in substitution thereof: "Lessee shall have the right to terminate this Lease at or any time after the thirty-six (36) month of the Extension Term by giving not less than one hundred eighty (180) days prior written notice. In the event the Lessee does exercise such right, Lessee shall pay back all unamortized Lessee Improvements and all unamortized leasing commissions paid in connection with the Extension Term, both amortized at an annual interest rate of eight percent (8%).

5. TENANT IMPROVEMENTS. Lessor, within thirty (30) days after mutual agreement on the plans and specifications, not to be unreasonably withheld, shall begin work on the Tenant Improvements ("TI") mutually agreed upon by Lessor and Lessee per building standard materials with the cost of the TI not to exceed \$12.00 per rentable square feet, i.e., \$465,768, to be borne solely by Lessor, and Lessee shall pay for the cost of the Tenant

Improvements in excess of such amount. If the cost of the Tenant Improvements is estimated to exceed such amount, such estimated overage shall be paid by Lessee before Lessor begins construction and a final adjusting payment based upon the actual costs of the Tenant Improvements shall be made when the Tenant Improvements are complete. Said work shall be substantially completed no later than 120 days from the date Lessor and Lessee mutually agree upon plans and specifications for the Tenant Improvements, subject to extension of such date due to force majeure events and Lessee caused delays. In the event Lessee, its employees, agents, or contractors cause construction of such improvements to be delayed, the date of substantial completion shall be deemed to be the date that substantial completion would have occurred if such delays had not taken place. After the date the Tenant Improvements are substantially complete Lessee shall, upon demand, execute and deliver to Lessor a letter of acceptance of delivery of the Tenant Improvements.

6. All undefined terms when used herein shall have the same respective meanings as set forth in the Lease, unless expressly provided otherwise in this Amendment.

7. Each of the signatories for the Lessor personally covenant, warrant and guarantee that each of them, jointly and severally, have the power and authority to execute this Amendment the terms and conditions stated herein and each agrees to indemnify and hold harmless Lessee from all damages, costs, and expenses, which result from a breach of this representation.

8. In the event of a conflict between the terms and conditions of this Amendment and the terms and conditions of the Lease, the terms and conditions of this Amendment shall prevail. All other terms and conditions contained in the Lease as amended shall remain in full force and effect.

9. In order to comply with California law, within fifteen (15) days of Lessor's written request, Lessee agrees to deliver to Lessor such information and/or documents as Lessor requires for Lessor to comply with California Public Resources Code Section 25402.10, or successor statute(s), and California Energy Commission adopted regulations set forth in California Code of Regulations, Title 20, Division 2, Chapter 4, Article 9, Sections 1680-1685, and successor and related California Code of Regulations, relating to commercial building energy ratings. Lessor makes the following statement based on Lessor's actual knowledge in order to comply with California Civil Code Section 1938: The Building and Premises have not undergone an inspection by a Certified Access Specialist (CASp).

10. Each represents and warrants to the other that it has dealt with no broker, agent or other person in connection with this transaction and that no broker, agent or other person brought about this transaction, other than Cushman & Wakefield (on Lessor's behalf) and Lessee representing itself, and each agrees to indemnify and the other harmless from and against any claims by any other broker, agent or other person claiming a commission or other form of compensation by virtue of having dealt with such party with regard to this leasing transaction.

***SIGNATURE PAGE FOLLOWS***

IN WITNESS WHEREOF, the Lessor or Lessor's duly authorized representative has executed this Amendment No. 2 to Lease No. 77039 or cause it to be executed, the day, month and year first above written.

LESSOR:

Prologis, L.P.  
a Delaware limited partnership

By: *[Signature]*  
Name: Douglas P. McGregor  
Its: Senior Vice President

LESSEE:



COUNTY OF LOS ANGELES  
a body politic and corporate

By: *[Signature]*  
Name: Don Krabe  
Chair, Board of Supervisors

ATTEST:

Sachi A. Hamai  
Executive Officer-Clerk  
of the Board of Supervisors

By: *[Signature]*  
Deputy

I hereby certify that pursuant to  
Section 25103 of the Government Code,  
delivery of this document has been made

SACHI A. HAMAI  
Executive Officer  
Clerk of the Board of Supervisors

By: *[Signature]*  
Deputy

APPROVED AS TO FORM:  
MARK J. SALADINO  
County Counsel

By: *[Signature]*  
Deputy

**ADOPTED**  
BOARD OF SUPERVISORS

**# 16 NOV 18 2014**

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

77039  
Supplement No. 1